

(A) the full costs to the United States associated with future retirement benefits of civilian employees of that shipyard consistent with computation methodology established by Office of Management and Budget Circular A-76; and

(B) in a case in which equal access to the Navy supply system is not allowed to public and private shipyards, a pro rata share of the costs of the Navy supply system.

(2) Costs applicable to oversight of the contract by the appropriate Navy supervisor of shipbuilding, conversion, and repair are added to the bid of any private shipyard for the purpose of comparability analysis.

(3) The award is made using the results of the comparability analysis.

(Added Pub. L. 100-456, div. A, title XII, § 1225(a)(1), Sept. 29, 1988, 102 Stat. 2054, § 7313; renumbered § 7314, Pub. L. 101-189, div. A, title XVI, § 1622(a), Nov. 29, 1989, 103 Stat. 1604.)

#### AMENDMENTS

1989—Pub. L. 101-189 renumbered section 7313 of this title as this section.

#### EFFECTIVE DATE

Pub. L. 100-456, div. A, title XII, § 1225(b), Sept. 29, 1988, 102 Stat. 2055, provided that: "Section 7313 [now 7314] of title 10, United States Code, as added by subsection (a), applies to any award by the Secretary of the Navy made after the end of the 30-day period beginning on the date of the enactment of this Act [Sept. 29, 1988] for repair, alteration, overhaul, or conversion of a naval vessel following competition between public and private shipyards."

### § 7315. Preservation of Navy shipbuilding capability

(a) SHIPBUILDING CAPABILITY PRESERVATION AGREEMENTS.—The Secretary of the Navy may enter into an agreement, to be known as a "shipbuilding capability preservation agreement", with a shipbuilder under which the cost reimbursement rules described in subsection (b) shall be applied to the shipbuilder under a Navy contract for the construction of a ship. Such an agreement may be entered into in any case in which the Secretary determines that the application of such cost reimbursement rules would facilitate the achievement of the policy objectives set forth in section 2501(b) of this title.

(b) COST REIMBURSEMENT RULES.—The cost reimbursement rules applicable under an agreement entered into under subsection (a) are as follows:

(1) The Secretary of the Navy shall, in determining the reimbursement due a shipbuilder for its indirect costs of performing a contract for the construction of a ship for the Navy, allow the shipbuilder to allocate indirect costs to its private sector work only to the extent of the shipbuilder's allocable indirect private sector costs, subject to paragraph (3).

(2) For purposes of paragraph (1), the allocable indirect private sector costs of a shipbuilder are those costs of the shipbuilder that are equal to the sum of the following:

(A) The incremental indirect costs attributable to such work.

(B) The amount by which the revenue attributable to such private sector work exceeds the sum of—

(i) the direct costs attributable to such private sector work; and

(ii) the incremental indirect costs attributable to such private sector work.

(3) The total amount of allocable indirect private sector costs for a contract covered by the agreement may not exceed the amount of indirect costs that a shipbuilder would have allocated to its private sector work during the period covered by the agreement in accordance with the shipbuilder's established accounting practices.

(c) AUTHORITY TO MODIFY COST REIMBURSEMENT RULES.—The cost reimbursement rules set forth in subsection (b) may be modified by the Secretary of the Navy for a particular agreement if the Secretary determines that modifications are appropriate to the particular situation to facilitate achievement of the policy set forth in section 2501(b) of this title.

(d) APPLICABILITY.—(1) An agreement entered into with a shipbuilder under subsection (a) shall apply to each of the following Navy contracts with the shipbuilder:

(A) A contract that is in effect on the date on which the agreement is entered into.

(B) A contract that is awarded during the term of the agreement.

(2) In a shipbuilding capability preservation agreement applicable to a shipbuilder, the Secretary may agree to apply the cost reimbursement rules set forth in subsection (b) to allocations of indirect costs to private sector work performed by the shipbuilder only with respect to costs that the shipbuilder incurred on or after November 18, 1997, under a contract between the shipbuilder and a private sector customer of the shipbuilder that became effective on or after January 26, 1996.

(Added Pub. L. 105-85, div. A, title X, § 1027(a)(1), Nov. 18, 1997, 111 Stat. 1878; amended Pub. L. 106-65, div. A, title X, § 1066(a)(29), Oct. 5, 1999, 113 Stat. 772.)

#### AMENDMENTS

1999—Subsec. (d)(2). Pub. L. 106-65 substituted "November 18, 1997," for "the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998".

#### PROCEDURES FOR APPLICATIONS AND FOR CONSIDERATION OF AGREEMENTS

Pub. L. 105-85, div. A, title X, § 1027(b), Nov. 18, 1997, 111 Stat. 1880, provided that: "Not later than 30 days after the date of the enactment of this Act [Nov. 18, 1997], the Secretary of the Navy shall establish application procedures and procedures for expeditious consideration of shipbuilding capability preservation agreements as authorized by section 7315 of title 10, United States Code, as added by subsection (a)."

### § 7316. Support for transfers of decommissioned vessels and shipboard equipment

(a) AUTHORITY TO PROVIDE ASSISTANCE.—The Secretary of the Navy may provide an entity described in subsection (b) with assistance in support of a transfer of a vessel or shipboard equipment described in such subsection that is being executed under section 2572, 7306, 7307, or 7545 of this title, or under any other authority.

(b) COVERED VESSELS AND EQUIPMENT.—The authority under this section applies—

(1) in the case of a decommissioned vessel that—

(A) is owned and maintained by the Navy, is located at a Navy facility, and is not in active use; and

(B) is being transferred to an entity designated by the Secretary of the Navy or by law to receive transfer of the vessel; and

(2) in the case of any shipboard equipment that—

(A) is on a vessel described in paragraph (1)(A); and

(B) is being transferred to an entity designated by the Secretary of the Navy or by law to receive transfer of the equipment.

(c) REIMBURSEMENT.—The Secretary may require a recipient of assistance under subsection (a) to reimburse the Navy for amounts expended by the Navy in providing the assistance.

(d) DEPOSIT OF FUNDS RECEIVED.—Funds received in a fiscal year under subsection (c) shall be credited to the appropriation available for such fiscal year for operation and maintenance for the office of the Navy managing inactive ships, shall be merged with other sums in the appropriation that are available for such office, and shall be available for the same purposes and period as the sums with which merged.

(Added Pub. L. 108-136, div. A, title X, §1015(a), Nov. 24, 2003, 117 Stat. 1591.)

**§ 7317. Status of Government rights in the designs of vessels, boats, and craft, and components thereof**

(a) IN GENERAL.—Government rights in the design of a vessel, boat, or craft, and its components, including the hull, decks, superstructure, and all shipboard equipment and systems, shall be determined solely as follows:

(1) In the case of a vessel, boat, craft, or component procured through a contract, in accordance with the provisions of section 2320 of this title.

(2) In the case of a vessel, boat, craft, or component procured through an instrument not governed by section 2320 of this title, by the terms of the instrument (other than a contract) under which the design for such vessel, boat, craft, or component, as applicable, was developed for the Government.

(b) CONSTRUCTION OF SUPERSEDING AUTHORITIES.—This section may be modified or superseded by a provision of statute only if such provision expressly refers to this section in modifying or superseding this section.

(Added Pub. L. 110-417, [div. A], title VIII, §825(a), Oct. 14, 2008, 122 Stat. 4534.)

**§ 7318. Warranty requirements for shipbuilding contracts**

(a) REQUIREMENT.—A contracting officer for a contract for new construction for which funds are expended from the Shipbuilding and Conversion, Navy account shall require, as a condition of the contract, that the work performed under the contract is covered by a warranty for a period of at least one year.

(b) WAIVER.—If the contracting officer for a contract covered by the requirement under subsection (a) determines that a limited liability of warranted work is in the best interest of the Government, the contracting officer may agree to limit the liability of the work performed under the contract to a level that the contracting officer determines is sufficient to protect the interests of the Government and in keeping with historical levels of warranted work on similar vessels.

(Added Pub. L. 114-328, div. A, title X, §1022(a)(1), Dec. 23, 2016, 130 Stat. 2388.)

**EFFECTIVE DATE**

Pub. L. 114-328, div. A, title X, §1022(b), Dec. 23, 2016, 130 Stat. 2388, provided that: “Section 7318 of title 10, United States Code, as added by subsection (a), shall take effect on the later of the following dates:

“(1) The date of the enactment of the National Defense Authorization for Fiscal Year 2018 [Pub. L. 115-91, approved Dec. 12, 2017].

“(2) September 30, 2017.”

**§ 7319. Requirements for availability of funds relating to advanced naval nuclear fuel systems based on low-enriched uranium**

(a) AUTHORIZATION.—Low-enriched uranium activities may only be carried out using funds authorized to be appropriated or otherwise made available for the Department of Energy for atomic energy defense activities for defense nuclear nonproliferation.

(b) PROHIBITION REGARDING CERTAIN ACCOUNTS.—(1) None of the funds described in paragraph (2) may be obligated or expended to carry out low-enriched uranium activities.

(2) The funds described in this paragraph are funds authorized to be appropriated or otherwise made available for any fiscal year for any of the following accounts:

(A) Shipbuilding and conversion, Navy, or any other account of the Department of Defense.

(B) Any account within the atomic energy defense activities of the Department of Energy other than defense nuclear nonproliferation, as specified in subsection (a).

(3) The prohibition in paragraph (1) may not be superseded except by a provision of law that specifically supersedes, repeals, or modifies this section. A provision of law, including a table incorporated into an Act, that appropriates funds described in paragraph (2) for low-enriched uranium activities may not be treated as specifically superseding this section unless such provision specifically cites to this section.

(c) LOW-ENRICHED URANIUM ACTIVITIES DEFINED.—In this section, the term “low-enriched uranium activities” means the following:

(1) Planning or carrying out research and development of an advanced naval nuclear fuel system based on low-enriched uranium.

(2) Procuring ships that use low-enriched uranium in naval nuclear propulsion reactors.

(Added Pub. L. 115-91, div. C, title XXXI, §3115(b)(1), Dec. 12, 2017, 131 Stat. 1886.)